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COUNTY OF MERCED
SINGLE AUDIT REPORTS
(OMB CIRCULAR A-133)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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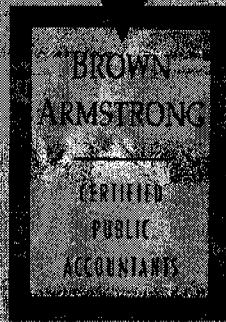
**COUNTY OF MERCED
SINGLE AUDIT REPORTS
(OMB CIRCULAR A-133)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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REPORTS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Board of Supervisors
of the County of Merced

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Merced (the County), California, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects an entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

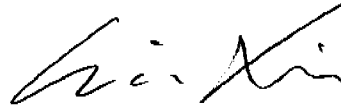
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated March 9, 2010

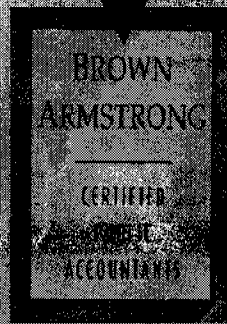
This report is intended solely for the information and use of management, Board of Supervisors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
March 9, 2010

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM, INTERNAL CONTROL OVER
COMPLIANCE, AND THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Board of Supervisors
of the County of Merced

Compliance

We have audited the compliance of the County of Merced (the County), California, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated March 9, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the management, Board of Supervisors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
March 9, 2010

FINANCIAL STATEMENTS

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

| FEDERAL GRANTOR Passthrough Grantor Program Title | Federal C.F.D.A. Number | Contract Or Program Number | Total Federal Expenditures |
|--|-------------------------------|----------------------------------|----------------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | |
| Passed Through California Department of Food and Agriculture | | | |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 07-0131/2000138 | \$ 142,602 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 07-0503/2007246 | 9,672 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 07-0636/2004201 | 18,773 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 07-0840/2008012 | 3,974 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 08-0073/2002112 | 3,465 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 08-0161/2007129 | 4,067 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 08-0402/2007246 | 5,768 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 08-0527/2006217 | 2,283 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 08-0678/2004201 | 54,672 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 07-0391/2006187 | 13,770 |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 08-0359/2006187 | 16,641 |
| | | | <hr/> |
| | | | 275,687 |
| Inspection Grading and Standardization | 10.162 | 08-0094/2004260 | 3,491 |
| Passed Through California Department of Education | | | |
| School Breakfast Program | 10.553 | 6315 | 143,420 |
| Passed Through California Department of Social Services | | | |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | Merced (County 24) | 2,897,855 |
| Food Stamps | 10.551 | Merced (County 24) | 55,056,528 |
| | | | <hr/> |
| Total Food Stamp Cluster | | | 57,954,383 |
| Passed Through California Department of Aging | | | |
| Special Program for the Aging - Title III/VII, Senior Farmers Market | 10.576 | AP-0809-31 | 10,000 |
| | | | <hr/> |
| Total U.S. Department of Agriculture | | | 58,386,981 |
| | | | <hr/> |
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | |
| Direct Programs | | | |
| Supportive Housing Program | 14.235 | CA5492 | 73,435 |
| Passed Through California Department of Housing and Community Development | | | |
| Community Development Block Grants/State's Program | 14.228 | 05-STBG-1409 | 404,234 |
| Community Development Block Grants/State's Program | 14.228 | Program Income | 4,320 |
| | | | <hr/> |
| | | | 408,554 |
| HOME Investment Partnerships Program | 14.239 | Program Income | 20,313 |
| HOME Investment Partnerships Program | 14.239 | 06-HOME-2470 | 199,509 |
| HOME Investment Partnerships Program | 14.239 | 07-HOME-3104 | 156,478 |
| | | | <hr/> |
| | | | 376,300 |
| | | | <hr/> |
| Total U.S. Department of Housing and Urban Development | | | 858,289 |
| | | | <hr/> |

(Continued)

* Major Program

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

| FEDERAL GRANTOR Passthrough Grantor Program Title | Federal C.F.D.A. Number | Contract Or Program Number | Total Federal Expenditures |
|---|-------------------------------|----------------------------------|----------------------------------|
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | |
| Direct Programs | | | |
| DEA Cannabis Eradication | 16.XXX | 2008-30 | 50,000 |
| DEA Cannabis Eradication | 16.XXX | 2009-31 | <u>9,279</u> |
| | | | 59,279 |
| Pass Through California Corrections Standards Authority Juvenile Accountability Block Grants | 16.523 | CSA 199-08 | 11,134 |
| Passed Through Governor's Office of Emergency Services | | | |
| Crime Victim Assistance | 16.575 | AT 07 04 0240 | 41,169 |
| Crime Victim Assistance | 16.575 | AT 08 05 0240 | <u>77,644</u> |
| | | | 118,813 |
| Passed Through California Emergency Management Agency Crime Victim Assistance | 16.575 | VW08260240 | 78,040 |
| Violence Against Women Formula Grants | 16.588 | PU07050240 | 23,827 |
| Violence Against Women Formula Grants | 16.588 | PU08060240 | <u>58,673</u> |
| | | | 82,500 |
| Community Prosecution and Project Safe Neighborhoods | 16.609 | US08010240 | 28,914 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | DC08190240 | <u>176,976</u> |
| <i>Total U.S. Department of Justice</i> | | | <u>555,656</u> |
| <u>U.S. DEPARTMENT OF LABOR</u> | | | |
| Direct Programs | | | |
| Community Based Job Training Grants | 17.269 | CB-15963-07-60-A-6 | 715,293 |
| Passed Through California Employment Development Department | | | |
| Employment Service | 17.207 | 2008077 | 1,765 |
| Employment Service | 17.207 | L659852 | <u>18,077</u> |
| | | | 19,842 |
| WIA Adult Program | 17.258 | * R865468 | 267,161 |
| WIA Adult Program | 17.258 | * R970546 | 1,034,471 |
| ARRA WIA Adult Program | 17.258 | * Merced (County 24) | <u>4,504</u> |
| | | | 1,306,136 |
| | | | (Continued) |

* Major Program

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

| FEDERAL GRANTOR Passthrough Grantor Program Title | Federal C.F.D.A. Number | Contract Or Program Number | Total Federal Expenditures |
|---|-------------------------------|----------------------------------|----------------------------------|
| <u>U.S. DEPARTMENT OF LABOR (Continued)</u> | | | |
| WIA Youth Activities | 17.259 | * R865468 | 778,001 |
| WIA Youth Activities | 17.259 | * R865468 | 195,237 |
| WIA Youth Activities | 17.259 | * R970546 | 686,353 |
| ARRA WIA Youth Activities | 17.259 | * Merced (County 24) | 433,678 |
| | | | <u>2,093,269</u> |
| WIA - Dislocated Worker | 17.260 | * R865468 | 194,235 |
| WIA - Dislocated Worker | 17.260 | * R970546 | 156,472 |
| WIA - Dislocated Worker | 17.260 | * R970546 | 1,170,152 |
| ARRA WIA - Dislocated Worker | 17.260 | * Merced (County 24) | 21,856 |
| ARRA WIA - Dislocated Worker | 17.260 | * Merced (County 24) | 3,457 |
| | | | <u>1,546,172</u> |
| Passed Through Stanislaus County | | | |
| WIA Adult Program | 17.258 | * MOA 07-08-E | 42,634 |
| WIA - Dislocated Worker | 17.260 | * MOA 08-04 | 9,209 |
| Passed Through San Joaquin County | | | |
| WIA - Dislocated Worker | 17.260 | * 2007160 | 52,068 |
| Total WIA Cluster | | | <u>5,049,488</u> |
| Total U.S. Department of Labor | | | <u>5,784,623</u> |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | |
| Direct Programs | | | |
| Airport Improvement Program | 20.106 | DTFA08-06-C-31698 | 26,939 |
| Airport Improvement Program | 20.106 | 03-06-0364-09 | 615,797 |
| Airport Improvement Program | 20.106 | DTFA08-06-C-31699 | 15,250 |
| | | | <u>657,986</u> |
| Federal Transit Formula Grants | 20.507 | * CA95-X056 | 547,734 |
| Federal Transit Formula Grants | 20.507 | * CA 90-Y640 | 1,955,201 |
| Federal Transit Formula Grants | 20.507 | * CA95-X056 | 1,630,599 |
| | | | <u>4,133,534</u> |
| Passed Through California Department of Transportation | | | |
| Highway Planning and Construction | 20.205 | * 10-4A0701 | 2,383,049 |
| Highway Planning and Construction | 20.205 | * 10-955405 | 421,478 |
| Highway Planning and Construction | 20.205 | * 10-955734 | 185 |
| Highway Planning and Construction | 20.205 | * 10-956001 | 15,834 |
| Highway Planning and Construction | 20.205 | * 10-956184 | 62,257 |
| Highway Planning and Construction | 20.205 | * 10-956491 | 927,527 |
| Highway Planning and Construction | 20.205 | * 10-956615 | 218 |
| | | | <u>3,810,548</u> |
| | | | (Continued) |

* Major Program

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

| FEDERAL GRANTOR Passthrough Grantor Program Title | Federal C.F.D.A. Number | Contract Or Program Number | Total Federal Expenditures |
|---|-------------------------------|----------------------------------|----------------------------------|
| <u>U.S. DEPARTMENT OF TRANSPORTATION (Continued)</u> | | | |
| Formula Grants For other than Urbanized Areas | 20.509 | CA-648144 | 392,385 |
| Passed Through California Office of Traffic Safety State and Community Highway Safety | 20.600 | EM0905 | 216,545 |
| Pass Through San Diego County State and Community Highway Safety | 20.600 | 2006239 | 2,088 |
| <i>Total U.S. Department of Transportation</i> | | | <u>9,213,086</u> |
| <u>U. S. DEPARTMENT OF EDUCATION</u> | | | |
| Passed Through California Department of Rehabilitation Rehabilitation Services - Vocational Rehabilitation Grants to States | 84.126 | 26832 | 34,714 |
| Passed Through California Department of Alcohol and Drug Programs Safe and Drug-Free Schools and Communities_State Grants | 84.186 | Merced (County 24) | 3,318 |
| Safe and Drug-Free Schools and Communities_State Grants | 84.186 | Merced (County 24) | <u>23,256</u> |
| | | | <u>26,574</u> |
| <i>Total U.S. Department of Education</i> | | | <u>61,288</u> |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | |
| Passed Through California Department of Aging Special Programs for the Aging - Title VII, Chapter 3 - Programs For Prevention of Elder Abuse, Neglect, and Exploitation | 93.041 | AP-0809-31 | 3,651 |
| Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals | 93.042 | AP-0809-31 | 25,886 |
| Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services | 93.043 | AP-0809-31 | 12,116 |
| Special Programs for the Aging - Title III, Part B - Grants and Supportive Services and Senior Centers | 93.044 | AP-0809-31 | 222,387 |
| Special Programs for the Aging - Title III, Part C - Nutrition Services | 93.045 | AP-0809-31 | <u>375,295</u> |
| <i>Total Aging Cluster</i> | | | 639,335 |
| National Family Caregiver Support | 93.052 | AP-0809-31 | 109,490 |
| Nutrition Services Incentive Program | 93.053 | AP-0809-31 | 50,102 |
| Medical Assistance Program | 93.778 | 2004211 | 771,300 |
| Centers For Medicare and Medicaid Services | 93.779 | HI-0809-31 | 85,259 |

(Continued)

* Major Program

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

| FEDERAL GRANTOR Passthrough Grantor Program Title | Federal C.F.D.A. Number | Contract Or Program Number | Total Federal Expenditures |
|---|-------------------------------|----------------------------------|----------------------------------|
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u> | | | |
| Passed Through California Department of Health Services | | | |
| Public Health Emergency Preparedness | 93.069 | EPO CDC 07-24 | 35,405 |
| Children's Health Insurance Program | 93.767 | Merced (County 24) | 81,338 |
| Medical Assistance Program | 93.778 | Merced (County 24) | 229,623 |
| Medical Assistance Program | 93.778 | Merced (County 24) | 402,522 |
| Medical Assistance Program | 93.778 | Merced (County 24) | 65,589 |
| | | | <hr/> 697,734 |
| National Bioterrorism Hospital Preparedness Program | 93.889 | EPO HPP 07-24 | 156,530 |
| HIV Care Formula Grants | 93.917 | 06-55759 | 56,267 |
| Maternal and Child Health Services Block Grant | 93.994 | 2007-24 | 180,698 |
| Maternal and Child Health Services Block Grant | 93.994 | 2007-24 | <hr/> 218,758 |
| | | | 399,456 |
| Passed Through California Department of Mental Health | | | |
| Projects for Assistance in Transition from Homelessness (PATH) | 93.150 | Merced (County 24) | 75,841 |
| Medical Assistance Program | 93.778 | 07-77324-000 | 432,823 |
| Block Grants For Community Mental Health Services | 93.958 | Merced (County 24) | 920,550 |
| Passed Through California Department of Child Support Services | | | |
| Child Support Enforcement | 93.563 * | Merced (County 24) | 4,947,180 |
| ARRA Child Support Enforcement | 93.563 * | Merced (County 24) | <hr/> 865,054 |
| | | | 5,812,234 |
| Passed Through California Department of Social Services | | | |
| Promoting Safe and Stable Families | 93.556 | Merced (County 24) | 281,558 |
| Temporary Assistance for Needy Families | 93.558 * | Merced (County 24) | 372,285 |
| Temporary Assistance for Needy Families | 93.558 * | Merced (County 24) | 3,270,922 |
| Temporary Assistance for Needy Families | 93.558 * | Merced (County 24) | 10,101,577 |
| Temporary Assistance for Needy Families | 93.558 * | Merced (County 24) | 46,334 |
| Temporary Assistance for Needy Families | 93.558 * | Merced (County 24) | 2,757,189 |
| Temporary Assistance for Needy Families | 93.558 * | Merced (County 24) | 1,204,772 |
| Temporary Assistance for Needy Families | 93.558 * | Merced (County 24) | 17,108 |
| Temporary Assistance for Needy Families | 93.558 * | Merced (County 24) | 12,099,061 |
| Temporary Assistance for Needy Families | 93.558 * | Merced (County 24) | 9,455 |
| Temporary Assistance for Needy Families | 93.558 * | Merced (County 24) | 34,057,846 |
| Temporary Assistance for Needy Families | 93.558 * | Merced (County 24) | <hr/> 101,851 |
| | | | 64,038,400 |
| Refugee and Entrant Assistance - State Administered Programs | 93.566 | Merced (County 24) | 195,578 |
| Refugee and Entrant Assistance - State Administered Programs | 93.566 | Merced (County 24) | <hr/> 4 |
| | | | 195,582 |
| | | | (Continued) |

* Major Program

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

| FEDERAL GRANTOR Passthrough Grantor Program Title | Federal C.F.D.A. Number | Contract Or Program Number | Total Federal Expenditures |
|--|--|---|---|
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u> | | | |
| Community - Based Child Abuse Prevention Grants | 93.590 | Merced (County 24) | 32,066 |
| Child Welfare Services - State Grants | 93.645 | Merced (County 24) | 246,488 |
| Foster Care - Title IV-E | 93.658 * | Merced (County 24) | 2,842,489 |
| Foster Care - Title IV-E | 93.658 * | Merced (County 24) | 20,880 |
| Foster Care - Title IV-E | 93.658 * | Merced (County 24) | 6,537 |
| Foster Care - Title IV-E | 93.658 * | Merced (County 24) | 139,215 |
| Foster Care - Title IV-E | 93.658 * | Merced (County 24) | 39,297 |
| Foster Care - Title IV-E | 93.658 * | Merced (County 24) | 1,675,799 |
| Foster Care - Title IV-E | 93.658 * | Merced (County 24) | 76,640 |
| Foster Care - Title IV-E | 93.658 * | Merced (County 24) | 253,984 |
| Foster Care - Title IV-E | 93.658 * | Merced (County 24) | 1,964 |
| Foster Care - Title IV-E | 93.658 * | Merced (County 24) | 3,394,330 |
| ARRA Foster Care - Title IV-E | 93.658 * | Merced (County 24) | 111,773 |
| ARRA Foster Care - Title IV-E | 93.658 * | Merced (County 24) | 850 |
| | | | 8,563,758 |
| Adoption Assistance | 93.659 * | Merced (County 24) | 271,695 |
| Adoption Assistance | 93.659 * | Merced (County 24) | 47,083 |
| Adoption Assistance | 93.659 * | Merced (County 24) | 1,418,109 |
| ARRA - Adoption Assistance | 93.659 * | Merced (County 24) | 25,724 |
| | | | 1,762,611 |
| Social Services Block Grant | 93.667 | Merced (County 24) | 715,565 |
| Chafee Foster Care Independent Living | 93.674 | Merced (County 24) | 142,176 |
| Medical Assistance Program | 93.778 | Merced (County 24) | 1,108,351 |
| Medical Assistance Program | 93.778 | Merced (County 24) | 299,425 |
| Medical Assistance Program | 93.778 | Merced (County 24) | 70,080 |
| Medical Assistance Program | 93.778 | Merced (County 24) | 676 |
| Medical Assistance Program | 93.778 | Merced (County 24) | 692,678 |
| Medical Assistance Program | 93.778 | Merced (County 24) | 810,906 |
| Medical Assistance Program | 93.778 | Merced (County 24) | 11,760,670 |
| Medical Assistance Program | 93.778 | Merced (County 24) | 32,234 |
| | | | 14,775,020 |
| | | | (Continued) |

* Major Program

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

| FEDERAL GRANTOR Passthrough Grantor Program Title | Federal C.F.D.A. Number | Contract Or Program Number | Total Federal Expenditures |
|---|-------------------------------|----------------------------------|----------------------------------|
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u> | | | |
| Passed Through California Department of Alcohol and Drug Programs | | | |
| Medical Assistance Program | 93.778 | Merced (County 24) | 9,338 |
| Medical Assistance Program | 93.778 | Merced (County 24) | 3,405 |
| | | | <u>12,743</u> |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | Merced (County 24) | 944,532 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | Merced (County 24) | 352,010 |
| | | | <u>1,296,542</u> |
| <i>Total U.S. Department of Health and Human Services</i> | | | <u>102,386,173</u> |
| <u>U. S. DEPARTMENT OF HOMELAND SECURITY</u> | | | |
| Passed Through State Governor's Office of Homeland Security | | | |
| State Homeland Security Program | 97.073 | 2006-0071 | 165,771 |
| State Homeland Security Program | 97.073 | 2007-0008 | 167,246 |
| State Homeland Security Program | 97.073 | 2008-0006 | 8,125 |
| | | | <u>341,142</u> |
| Buffer Zone Protection Program | 97.078 | 2006-BZ-T6-0045 | 207,388 |
| <i>Total U.S. Department of Homeland Security</i> | | | <u>548,530</u> |
| <i>Total Expenditures of Federal Awards</i> | | | <u>\$ 177,794,626</u> |

* Major Program

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

COUNTY OF MERCED
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1 – GENERAL

The accompanying schedule of expenditures of federal awards (SEFA) presents the activity of all federal financial assistance programs of the County of Merced, California (County). The County reporting entity is defined in Note 1 to the County's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included in the SEFA.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA is presented using the cash basis of accounting with the exception of Department of Workforce Investment using accrual basis of accounting. The basic financial statements of the County were presented using the accrual basis of accounting for the government-wide and proprietary fund statements and the modified accrual basis of accounting for the governmental fund statements.

NOTE 3 – AMOUNT PROVIDED TO SUBRECIPIENTS

The County has provided federal awards to various organizations. The amounts provided to subrecipients from each Federal program are summarized as follows:

| FEDERAL GRANTOR OR Pass Through Grantor | Federal Program | Federal C.F.D.A. # | Subrecipient | Contract or Program Number | Amount Provided to Subrecipients |
|--|------------------------------------|--------------------------|--------------------|----------------------------------|--|
| State Employment Development Department | WIA Youth Activities | 17.259 | MCOE | R865468/R970546 | \$ 549,978 |
| State Employment Development Department | WIA Youth Activities | 17.259 | MCOE | R865468/R970546 | 549,142 |
| State Employment Development Department | WIA Youth Activities | 17.259 | MCOE | R865468/R970546 | 69,346 |
| State Employment Development Department | Community Base Job Training Grants | 17.269 | Madera County | CB-15963-07-60-A-6 | 67,752 |
| U.S. Department of Labor | Community Base Job Training Grants | 17.269 | Stanislaus County | CB-15963-07-60-A-6 | 87,025 |
| State Employment Development Department | ARRA - WIA Youth Activities | 17.259 | MCOE | R970546 | 36,512 |
| State Employment Development Department | ARRA - WIA Youth Activities | 17.259 | MCOE | R970546 | 8,982 |
| Governor's Office of Homeland Security | Homeland Security Program | 97.073 | City of Atwater | 20050015 | 29,584 |
| Governor's Office of Homeland Security | Homeland Security Program | 97.073 | City of Livingston | 20050015 | 21,600 |
| Governor's Office of Homeland Security | Homeland Security Program | 97.073 | City of Los Banos | 20050015 | 33,411 |
| | | | | | <u>\$ 1,453,332</u> |

NOTE 4 – CALIFORNIA DEPARTMENT OF AGING GRANT PROGRAMS

The Schedule of Expenditures of Federal Awards (SEFA) is normally a presentation of Federal awards expended. However, the terms and conditions of agency contracts with California Department of Aging require agencies to display state-funded expenditures discretely along with the related federal expenditures in the SEFA. The following is a listing of the grant programs administered by California Department of Aging.

| LOCAL PROGRAM TITLE | Program | CFDA# | CONTRACT OR PROGRAM NUMBER | FEDERAL EXPENDITURE | STATE EXPENDITURE |
|--------------------------------------|--|------------|----------------------------------|------------------------|----------------------|
| HICAP State Contract (08/09) | HICAP | 93.779 | HI-0809-31 | \$ 85,259 | \$ 164,438 |
| Title III/VII State Contract (08/09) | Nutrition Services | 93.045 | AP-0809-31 | 375,295 | 39,474 |
| Title III/VII State Contract (08/09) | NSIP | 93.053 | AP-0809-31 | 50,102 | - |
| Title III/VII State Contract (08/09) | Family Caregiver Support IIIE | 93.052 | AP-0809-31 | 109,490 | - |
| Title III/VII State Contract (08/09) | Elder Abuse Title VII | 93.041 | AP-0809-31 | 3,651 | - |
| Title III/VII State Contract (08/09) | Ombudsman Title VII | 93.042 | AP-0809-31 | 25,886 | - |
| Title III/VII State Contract (08/09) | Disease Prev. & Promo. Svcs Title IIID | 93.043 | AP-0809-31 | 12,116 | - |
| Title III/VII State Contract (08/09) | Supp Svcs & Sr. Ctrs Title IIIB | 93.044 | AP-0809-31 | 222,387 | - |
| Title III/VII State Contract (08/09) | Brown Bag | State only | AP-0809-31 | - | 21,102 |
| Title III/VII State Contract (08/09) | Sr Farmers Market | 10.576 | AP-0809-31 | 10,000 | - |
| Title III/VII State Contract (08/09) | Senior Companion | State only | AP-0809-31 | - | 22,454 |
| Title III/VII State Contract (08/09) | Linkages | State only | AP-0809-31 | - | 238,522 |
| Title III/VII State Contract (08/09) | Alzheimers Day Care | State only | AP-0809-31 | - | 72,083 |
| Title III/VII State Contract (08/09) | Ombudsman Volunteer Recruitment Initiative | State only | AP-0809-31 | - | 6,699 |
| | | | | <u>\$ 894,186</u> | <u>\$ 564,772</u> |

NOTE 5 – LOANS OUTSTANDING

The County participates in certain federal award programs that sponsor revolving loan programs, which are administered by the County. These programs maintain servicing and trust arrangements with the County to collect loan repayments. The funds are returned to the programs upon repayment of the principal and interest. The federal government has imposed certain continuing compliance requirements with respect to the loans rendered under the programs. In accordance with Subpart B, Section 204 of the Office of Management and Budget Circular A-133, the County has reported the outstanding balance of loans from previous years that have continuing compliance requirements as of June 30, 2009 along with the value of total outstanding and new loans made during the current year.

The following is a summary of the loan programs maintained by the County and their balances at June 30, 2009:

| | CFDA Number | June 30, 2009 Amount Outstanding | June 30, 2009 Prior Year Loans With Continuing Compliance Requirements | New Loans Issued During FYE 6/30/09 |
|--|----------------|--|---|--|
| Economic Adjustment | 11.307 | \$ 443,031 | \$ 419,907 | \$ - |
| Community Development Block Grants/State's Programs | 14.228 | 2,138,306 | 1,373,371 | 398,654 |
| HOME Investment Partnership Program | 14.239 | 4,279,521 | 3,774,973 | 419,116 |
| | | <u>\$ 6,860,858</u> | <u>\$ 5,568,251</u> | <u>\$ 817,770</u> |

FINDINGS AND QUESTIONED COSTS

**COUNTY OF MERCED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? ___ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X None Reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? ___ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X None reported

Type of auditor's report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___ Yes X No

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|----------------------|--|
| 17.258/17.259/17.260 | WIA Cluster (Including ARRA Grants) |
| 20.205 | Highway Planning and Construction |
| 20.507 | Federal Transit Formula Grants |
| 93.558 | Temporary Assistance for Needy Families |
| 93.658 | Foster Care -- Title IV-E (Including ARRA Grant) |
| 93.659 | Adoption Assistance (Including ARRA Grant) |
| 93.563 | Child Support Enforcement (Including ARRA Grant) |

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee? X Yes ___ No

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

**COUNTY OF MERCED
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR JUNE 30, 2009**

None.